

VZCZCXRO0032  
PP RUEHBC RUEHDE RUEHIHL RUEHKUK  
DE RUEHGB #0829/01 0671740  
ZNY CCCCC ZZH  
P 081740Z MAR 07  
FM AMEMBASSY BAGHDAD  
TO RUEHC/SECSTATE WASHDC PRIORITY 0082  
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 BAGHDAD 000829

SIPDIS

SIPDIS

E.O. 12958: DECL: 03/04/2017  
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [IZ](#)  
SUBJECT: PRT TIKRIT: PROJECT SELECTION PROCESS IMPROVING,  
BUT EXPOSES GOVERNANCE CHALLENGES

REF: 06 BAGHDAD 4729

Classified By: Classified by Stephanie Miley, PRT Deputy Team Leader, f  
or reasons 1.5 (b) and (d).

11. (U) This is a PRT Tikrit, Salah ad Din cable.

12. (C) SUMMARY AND COMMENT. Provincial government in Salah ad Din today relies on a capital budget resolution procedure strongly influenced by a process instituted in 2005 designed to promote Iraqi participation and initiative in planning U.S.-funded reconstruction activities. This system provides a platform for provinces to select capital projects through the Provincial Reconstruction Development Council (PRDC), however, many challenges remain. (NOTE: The PRDC process before December 2006 often marginalized the role of the Provincial Council and gave excessive powers to a small group of political insiders within the PRDC who operated without oversight by the Provincial Council. END NOTE) While the forthcoming Ministry of Finance (MoF) guidelines (which delineate authority and require transparency) should mandate a more effective capital budget process, this positive change will likely require more than just a new set of rules. Most important is the establishment of formal and informal processes ) which take far longer to develop than a regulation - that are critical to resolving difficult issues within the nascent democratic system. These include the ability and willingness of political leaders to negotiate, compromise, and communicate across ethnic, political, and religious lines. END SUMMARY AND COMMENT.

-----  
The Process AND the People  
-----

13. (C) The Government of Salah ad Din (SaD) Province, a predominantly - but not exclusively - Sunni province located north of Baghdad, made significant strides forward in 2006 to establish an embryonic but (mostly) functioning democratic process for selecting and funding projects in the province. However, the process of developing a timely, fair, and transparent procedure has been difficult. Budget resolution and execution (the process of creating and implementing a budget, respectively) are the main functions of provincial government in Iraq; ensuring fair and efficient allocation of financial resources is paramount to functioning democratic local governance as well as economic reconstruction. Bequeathed an ambiguous budget execution process - no clear guidelines were codified by CPA General Order 71 or the Iraqi Constitution - leaders and planners in SaD have often struggled to efficiently examine, approve, and oversee capital projects here. Anticipated new Ministry of Finance budget implementing regulations clarifying roles and responsibilities among key decision makers will be critical in assisting the Iraqis to develop a more effective process in 2007.

14. (C) Even more important to effectively resolving and

executing the 2007 provincial allocation windfall in Salah ad Din will be the ability of key power players to communicate amongst themselves and resolve differences between various groups within the council. This is especially important at the present time because the Provincial Council is comprised of several voting blocks, with a lingering dispute between the normally dominant clique from the Tikrit suburb community of al Alam (led by the Deputy Governor, Abdullah Al-Jobori and predominantly Sunni) and the voting block from the community of Tuz (predominantly Turcoman and Kurdish area; recent boycott of Provincial Council by its members reported septel).

-----  
The PRDC Transformation  
-----

15. (C) Formed in early 2005, the Provincial Reconstruction Development Committee (PRDC) was designed to solicit and encourage formal Iraqi participation in the USG-led Iraq Reconstruction and Redevelopment Fund (IRRF) program at the provincial level. Much like a planning committee for a county government in the U.S., the PRDC was intended to be a non-political entity staffed by technical experts who would recommend reconstruction projects to the Provincial Council for approval and funding. There was an additional step, however, in that all IRRF projects approved by the PRDC process were then submitted to a committee comprised of Embassy Baghdad and MNF-I entities that further vetted the projects for their eligibility for IRRF funding. In practice, for over a year the PRDC served as a medium for communication between CF and Iraqi leadership. Meetings at that time were held by the Iraqis to satisfy the CF. They were not open to the public, they were focused solely on

BAGHDAD 00000829 002 OF 003

project approval, and they were dominated by the CF.

16. (C) In stark contrast to the earlier time period (2005 ) early 2006), the Salah ad Din PRDC now serves as a relatively autonomous Iraqi instrument which has the effect of building governance capacity and communication among different groups within the province. The PRDC fulfills an indispensable role by organizing, refining, and selecting suitable project concepts submitted by local qadas (counties) and Directors General (representing the central Ministries) and presenting them to the Provincial Council for approval. While the composition and mandate of the PRDC in its original incarnation was an expedient solution to channeling USG reconstruction funds quickly, its evolution to an Iraqi-only entity that reflects its own concerns is a step forward in institution-building. Where it once was viewed as an adjunct of USG funding mechanism, almost the reverse is true now: the PRDC now functions independently of the CF, with the CF looking to the PRDC for approved project proposals to which it could apply USG funding (CERP or ESF) in line with provincial priorities.

17. (C) Having transformed itself from a small, private, back room meeting group into an influential advisory group; the Salah ad Din PRDC was able to achieve real breakthroughs in December 2006. It successfully organized and approved a list of projects, it published written meeting agendas, and it distributed meeting minutes. There is even periodic media coverage. However, while the PRDC process demonstrated significant improvement, several critical challenges remain. Security concerns prevent most members from outside the Tikrit area from attending, resulting in the Tikrit-al Alam area - which comprise only about 13 percent of the provincial population - receiving over 40 percent of appropriated GOI funds in 2006. Additionally, although the PRDC selected and recommended to the PC projects to be completed, they failed to communicate with the Provincial Council members on a regular basis. (NOTE: PRDC members are also Provincial Council members; however, since their hometowns were given ample projects, it appears they had little incentive to

report their expenditures to the rest of the Provincial Council. END NOTE.) Transparency and accountability provisions, which first began in January 2006 through the publication of a list of appropriated 2006 projects, will be essential to ensuring fair distribution of SaD's 2007 resources. The PRT is actively working with the Provincial Council to enact rules and regulations for the PRDC that will mandate weekly updates on the status of all projects.

-----  
Comment  
-----

¶8. (C) COMMENT. The provincial governments, responsibilities in Iraq, at least until the forthcoming Provincial Governance Law is approved by the Council of Representatives (COR), is very straightforward: decide how money should be spent. This is why the forthcoming revised provincial allocation/budget implementation regulations from the MoF are so critical to continuing to increase local governance capacity ) authority at the provincial level is almost entirely limited to budget resolution and execution. The SaD Provincial Council and PRDC made major strides forward in 2006; however, clearly many challenges remain. The Provincial Government having established the most basic elements of successful governance, the new MoF guidelines are now a critical catalyst to ensure further development of local capacity building here, and likely in many other provinces as well. Continued progress will be difficult without them. The USG should strongly encourage the MoF to promptly publish regulations that will provide more structure for effective provincial budgeting.

¶9. (C) The evolution of the Salah ad Din PRDC, from a USG-mandated &Iraqi face8 to CF project execution to an Iraqi-only committee that vets, selects, and prioritizes suitable projects for Provincial Council approval, marks a step forward in local Iraqi capacity- and institution-building. Clear and equitable budget resolution and execution will continue to be a critical issue in Salah ad Din province (and likely many other provinces) in 2007. While revised MoF guidelines will help, the basic task of learning democratic processes will not likely come easy or fast. Far more important than the capital projects themselves, the development of intangible skills which transcend regulations and procedures - the vital ability to negotiate, compromise, and adjust one's expectation in order to achieve a partial result, the necessity to see oneself as a Council member who represents the entire province, and wise and non-discriminatory allocation of scarce resources and funding - instead of a parochial or &winner-take-all8 mentality, will be a truer measure of the success or failure

BAGHDAD 00000829 003 OF 003

of local governance than the sum of money spent. END  
COMMENT.

¶10. (U) For additional reporting from PRT Tikrit, Salah ad Din, please see our SIPRNET reporting blog:  
<http://www.intelink.sgov.gov/wiki/Tikrit>.  
KHALILZAD